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SUBJECT: AUSTRALIA'S DEFENSE WHITE PAPER UPDATE

REF: CANBERRA 1027

Classified By: Deputy Chief of Mission Daniel A. Clune. Reasons: 1.4 (a)  
(b)(c)

SUMMARY

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¶1. (S/NF) Defence Minister Joel Fitzgibbon has directed that Australia's Defense White Paper be completed no later than April 2009, despite internal pressures to delay its release owing to the global financial crisis, according to the senior Department of Defence official heading the White Paper team. While there were no major surprises, he disclosed that the White Paper argues for Australia to maintain its previous level of engagement with the U.S. missile defense (MD) program, while seeking to enhance MD collaboration through its Aegis weapons system. On force structure, the Australian Army would not undergo radical restructuring, but would need to increase the capacity of regular forces to take on more of the tasks previously assigned to special forces, freeing up the latter to undertake more difficult missions. End summary.

¶2. (C) At a November 18 lunch hosted by the DCM, Deputy Secretary of Defence for Strategy Michael Pezzullo and the three-member White Paper Ministerial Advisory Panel -- Professor Ross Babbage, Major General Peter Abigail (ret'd) and Dr. Mark Thomson -- provided an overview of the White Paper's development that closely tracked with that provided in the October 9 U.S.-Australia Pol-Mil Talks (reftel). The DCM queried Pezzullo on timing of the report's release, in light of press accounts that Defence Minister Fitzgibbon had convened a seven-hour meeting of senior defense officials and the Ministerial Advisory Panel on November 14 to address ADOD concerns that more time was needed to assess the impact of the global financial crisis on the White Paper's cost figures. Pezzullo said the Minister had directed that the paper be completed as originally scheduled in the March-April timeframe, expressing confidence that the paper would be delivered by the deadline. The March-April timing was driven primarily by the GOA budget cycle, he added. Unlike previous white papers, he said, the current product was fully costed, to include not only the cost of the defense items themselves, but costs for personnel, training, maintenance, warehousing and all other associated costs. Pezzullo and Abigail noted that the White Paper would not recommend against any major weapons system because of cost considerations.

¶3. (S/NF) Pezzullo confirmed that the White Paper contained sections on space and missile defense. On the latter, the White Paper recommended continuing engagement with the U.S. MD program, at least at the level maintained during the former Howard administration. Moreover, Australia would seek to employ its Aegis weapons system, selected for the Air Warfare Destroyer (AWD) to further its MD collaboration with the United States. Pezzullo noted that ministers understood

the importance and benefits of MD cooperation but the Australian Labor Party had outdated perceptions of missile defense dating from the Reagan "star wars" concept that impeded the GOA's ability to move forward at a faster pace. A "redline" for the Labor Party and the Rudd government would be the development of the capacity to eliminate Russian or Chinese "second strike" capability.

¶4. (S/NF) Deputy Secretary Pezzullo, noting China had expressed its displeasure with Prime Minister Rudd's September 9 speech on Australia's long-term defense, predicted Beijing would be "very unhappy" with the White Paper's identification of China's military modernization as a potential threat and with its endorsement of MD cooperation with the United States. He added that Russian diplomats had approached him on different occasions during the Howard administration to bluntly complain that U.S. plans to deploy MD in Europe were aimed against Russia. He responded that he accepted the U.S. explanation, but even if the accusation was true, Russia should be talking directly to the United States, rather than trying to "peel off" Australia.

¶5. (C/NF) Dr. Thomson gave an overview of China's military modernization, arguing that it sought to develop the capability not only to have its way with Taiwan, while blocking a U.S. response, but also to assert its hegemony over the region. The annual U.S. DOD Report to Congress on China's Military Modernization failed to make this point clearly and strongly enough, he observed. In Thomson's view, "transparency" is not the issue. China's intentions are transparent, but problematic.

¶6. (C) Turning to force structure, Maj. Gen. Abigail said the recommendations for the Australian Army were neither to lean toward heavy mechanization nor to move towards a more special forces-type army. Instead, the report called for a package of changes, including additional light armor, but increasing the capability of regular ground forces to assume more traditional roles that had been assigned to special forces by risk-averse Australian politicians in recent years. This would free up special forces to perform more difficult, risky missions.

MCCALLUM